

December 8, 2008

Mr. William L. Busis
Chair, Section 301 Committee
Office of the United States Trade Representative
Subject: EC-Beef Hormones Dispute
Docket No. USTR-2008-0036
HTSUS 5504-10: Rayon Staple Fiber

Dear Mr. Busis:

The Federal Register Notice published November 6, 2008, by the Office of the United States Trade Representative, requests comments on the proposal to apply an additional 100% duty on U.S. imports of rayon staple fiber from the European Union. Kimberly-Clark Corporation strongly opposes the adoption of this measure.

Kimberly-Clark Corporation ("K-C") is a leading global health and hygiene company with about 16,000 full- and part-time US employees in addition to those overseas. K-C has manufacturing facilities in 17 states, as well as in many foreign countries and sells its products in more than 150 countries.

K-C manufactures a range of products for the consumer market. Along with facial tissue, disposable diapers, and incontinence products, K-C manufactures a full line of feminine care products, including pads, pantliners and tampons. The tampons are sold under the KOTEX® SECURITY® brand name. They are manufactured in Conway, Arkansas and use rayon as one essential raw material in their production.

This rayon is purchased from a supplier in Germany. K-C purchases more than one million pounds annually, at a cost of about \$2 million per year. A 100% tariff on these purchases would double our current cost. These fibers are currently included in the proposed list, as:

55041000 - Viscose rayon staple fibers, not carded, combed or otherwise processed for spinning.

We understand the need for retaliatory action in this case. However, K-C would request that the listed products not include raw materials, such as rayon, that are not available in North America, are FDA sensitive, or would put a US manufacturing company such as K-C at a serious disadvantage.

As noted above, rayon fiber of this type is no longer produced in North America and the only suppliers currently deemed acceptable to meet the FDA regulations for these health critical applications are in the EU. Therefore, replacing this fiber with currently available imports would also raise concerns about risks to consumer health and safety.

Finally, forcing US manufacturers like K-C to find an economic and reliable substitute for these specialty rayon products would result in serious cost pressures on all US operations. In the short term, it will force US manufacturers to pass along the additional costs to US consumers in the form of higher prices. In the longer term, it would make the US manufacturing operations less competitive and could force these companies to reconsider whether or not they could continue to operate and produce domestically. Ultimately, this could result in the elimination of US production jobs and more imports of finished goods. In short, including rayon fibers in the proposal will do more harm to the US than to the EU.

For all these reasons, K-C asks that you remove **55041000 - Viscose rayon staple fibers** from the list of products and materials that would be subject to a 100% import tariff. Thank you for your consideration of this request.

Sincerely,

A handwritten signature in cursive script that reads "Fred W. Shaffer". The ink is dark and the signature is fluid, with the first and last names being more prominent than the middle initial.

Fred W. Shaffer